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CY 2015/SFY 2016 Best Practices Inventory

The State's Fiscal Year 2016 Appropriations Act (P.L. 2015, c.63) requires the Division of Local Government Services ("Division") to determine whether some portion of a municipality's final 5% allocation of CMPTRA and ETR aid will be withheld based on the results of a Best Practices Inventory ("Inventory") to be completed by each municipality. The Inventory encourages municipalities to embrace practices that promote financial accountability, sound management and transparency. This Local Finance Notice provides guidance on how the Division will implement this statutory requirement.

Municipalities operating on a Calendar Year or Transition Fiscal Year (SFY reversions) must return their completed Inventory to the Division by **Friday, October 16, 2015**. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by **Friday, April 8, 2016**. Completion and filing instructions are included in an Appendix to this Notice.

CY2015/SFY2016 Best Practices Format

The CY2015/SFY2016 Best Practices Inventory is in the form of an [Excel worksheet](#) that must be filled out and emailed to the Division. As was the case last year, this year's Best Practices remains 50 questions, 5 of which are new. New questions are located at numbers 2, 13, 24, 25 and 26.

Please read each question carefully. Some questions, both repeat and new, may require additional information to be entered in the right column labeled "Comments", or clarify when a "yes" or "N/A" answer is appropriate.

Weblinks are provided on the bottom of the Inventory to items cited in the following questions: 4, 8, 13, 20, 21, 22, 23, 24, 25, 33 and 34.

In addition to allowing "yes" or "no" answers, certain questions allow the option of answering "not applicable" or that compliance will be "prospective." The spreadsheet automatically computes the score, with "prospective" and "not applicable" counted as positive answers for purposes of scoring.

Questions are color-coded as follows pursuant to their permissible range of answers:

	Red = Repeat Question; Prospective answers not permitted
	Blue = Questions where neither "not applicable" nor "N/A" answers are permitted
	Green = Repeat questions where neither "Prospective" nor "Not Applicable" are permitted
	No Color = "Yes"; "No"; "Prospective" and "Not Applicable" are all permissible answers

"Not applicable" is only an appropriate answer if a municipality concludes that the requirement is not possible to meet given the municipality's circumstances, unless the question specifically limits an "N/A" answer to a particular circumstance. Using "not applicable" requires an explanation of why the question is not applicable in the "comment" space provided.

The Division has identified certain questions that should be applicable to all municipalities. As a result, answers of "non-applicable" will not be allowed for those questions color-coded blue or green.

"Prospective" should only be used to indicate that compliance with a practice will be forthcoming in the upcoming year based on good faith efforts and direction from appropriate officials to implement the practice. These are questions the Division found to be critical performance measures worthy of continued monitoring. The Division will actively review completed Inventories and may withhold credit if requisite good faith efforts to comply are not apparent.

Once the municipality's Best Practices Inventory is transmitted to the Division, the worksheet cannot be amended and resubmitted except by making an appeal to the Director through the process outlined on Page 4.

Permissible answers for questions in each category are set forth below:

Categories	Yes/No	Yes/No/N/A	Yes/No/Prosp.	All Answers
General Management (GM)	1, 4, 5, 6, 10	3, 7, 8, 9, 11	None	2
Finance & Audit (FA)	12, 14, 16, 19, 20	15, 17, 18, 21, 22	None	13
Procurement (P)	23, 27	None	25, 26	24
Budget Preparation & Presentation (BP)	28, 29, 31, 32	30, 33, 34	None	None
Health Insurance (HI)	35	36, 37, 38, 39	None	None
Personnel (PE)	40, 42, 43, 45, 48, 50	41, 44	46	47, 49

Note: The Division has made certain modifications to questions carried over from the CY2014/SFY 2015 Inventory. Questions 15 and 49 have "N/A" enabled as an answer. The Division's clarification of last year's Question 39 has been incorporated into the question's text, asking whether the governing body had a thorough and adequate discussion about its current policy regarding payments in lieu of health benefits, its impact on the municipal budget, and whether said payments are still warranted. Question 5 has been edited to eliminate the reference to municipal officials' contact information. Also, question 14 has been revised to ask whether the municipality has a Finance Committee or equivalent that meets quarterly, rather than monthly.

Certifying to the Best Practices Inventory & Governing Body Acknowledgement

The municipality's Chief Administrative Officer, in addition to the Chief Financial Officer, must certify the Inventory. Space for these certifications is provided on the worksheet. Both officials must provide their certification number for all licenses they have been issued by the Division of Local Government Services. If the certifying official does not possess such a license, the space can be left blank.

The Chief Administrative Officer is the individual, whatever their title, who is in charge of the municipality's day-to-day operations. If a municipality does not have a business administrator or municipal manager, this person would be whatever individual (e.g. municipal clerk, chief financial officer) is charged with this responsibility.

As for the governing body's acknowledgement, the completed form must be an agenda item for discussion at a municipal governing body meeting. The Municipal Clerk must certify **on the worksheet** that the Inventory and the results thereof were or will be discussed at a public meeting, with the inventory results and the certification of same by the chief administrative and financial officers referenced in the meeting minutes. **There is no separate certification document for municipal clerks to submit.** The purpose of the acknowledgement requirement is to ensure that local officials are apprised of their municipality's Best Practices Inventory response.

All certifying officers must type in their names and certification numbers, rather than manually sign and enter same.

Criteria for Withholding Aid.

This year's criteria withholds aid in an identical manner to that used in prior Best Practices, using a sliding scale up to the full amount of final aid payment:

# of Questions scored yes, prospective, or "not applicable"	Amount of Aid Disbursed	Impact on final 5% aid payment/impact on total aid
41-50	100%	No penalty
33-40	80%	Lose 20% which equals 1% of total aid
25-32	60%	Lose 40% which equals 2% of total aid
17-24	40%	Lose 60% which equals 3% of total aid
9-16	20%	Lose 80% which equals 4% of total aid
0-8	0%	Lose 100% which equals 5% of total aid

Appeals Permitted

The State Appropriations Act requires the Director of the Division of Local Government Services to exercise discretion and flexibility in scoring the Best Practices Inventory. Reasonable accommodations will be considered where circumstances warrant.

Municipalities may submit appeals before the submission deadline but not before their Best Practices Inventory is submitted. The Division encourages municipalities that wish to submit an appeal to do so in conjunction with their Inventory submission. Appeals to the Director must be submitted **no later than the close of business Friday October 16, 2015 (or Friday April 8, 2016 for SFY Municipalities)**.

Approved: Timothy J. Cunningham, Director

APPENDIX

INSTRUCTIONS TO COMPLETE AND SUBMIT THE CY 2015/SFY 2016 BEST PRACTICE INVENTORY

Step 1 -- Download the Excel spreadsheet from the Division's Best Practice webpage at http://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html. The worksheet is locked and allows access only to relevant fields.

Step 2 – Select Name of Municipality: follow the instruction at the top of the worksheet. (Click in cell C1, then click on the down arrow on the right side of the cell, then choose the name of municipality.)

Step 3 – for each inventory question, click in the “Select” cell in Column C and choose the appropriate response.

For those questions that permit a non-applicable answer, if the answer to a question is “Not Applicable” insert an explanation in the “comment” cell (Column E). The cell can expand to fit the size of the comment.

Step 4 – The Chief Administrative Officer and Chief Financial Officer for the municipality insert their name, certifying to the application’s accuracy, and provide any license number that has been issued to them by the Division of Local Government Services. For example, if a certified Chief Financial Officer is also a Certified Tax Collector, their CTC license number should also be provided. Do not manually sign the certification.

The Chief Administrative Officer is the individual, whatever their title, who is in charge of the municipality's day-to-day operations. If a municipality does not have a business administrator or municipal manager, this person would be whatever individual (e.g. municipal clerk, chief financial officer) is charged with this responsibility.

Step 5 – The Municipal Clerk will certify that the Inventory results, and the certification of same by the Chief Administrative Officer and Chief Financial Officer, was discussed with the governing body at a public meeting and will be incorporated into the minutes thereof. Any license number that has been issued to the Clerk by the Division of Local Government Services must be provided. Do not manually sign the certification.

Step 6 – Save the file using the following naming structure: **2015_best_practice_xxxx.xls** and replace **xxxx** with the municipality’s 4-digit municipal code # (it appears in Cell B2 after the municipality’s name is chosen).

Step 7 – Email the worksheet to: bestpractices@dca.nj.gov. Please include in the Subject Line the name of the municipality and the phrase “Best Practice Submission.”

Email questions concerning completing the worksheet to dlgs@dca.nj.gov with the subject heading “Best Practices Question”. The deadline for submitting the CY 2015 filing is Friday, October 16, 2015; the SFY 2016 deadline is Friday, April 8, 2016.